

Strategic Initiatives

Infusion

- Change therapy mix
 - Core therapies currently account for 40% of patients and 65% of revenues
 - Total parenteral nutrition (TPN)
 - Hemophilia
 - Transplant
 - Product champions
 - Accountability/focus
 - Sales incentives
 - Admission grids

COR.-EQTY0002734

Strategic Initiatives

Infusion

- Reduce fixed and variable costs
 - Hub and spoke model
 - Reduction in force
 - Systematic vendor recontracting
 - Primary Case Management Model & HHLA
 - Increased accountability

COR.-EQTY0002735

Strategic Initiatives

Infusion

- Improve cash collection/cash flow
 - Consolidate A/R to successful sites
 - Implement best practices
 - Consolidate Medicare A/R
 - Standardize contracts and implementation to improve claims compliance
 - Develop relationship with payors to resolve issues
 - Sales incentive: collected vs. earned

COR.-EQTY0002736

Cost Reduction

Annualized
(in thousands)

■ Salaries and Benefits	\$11,700
■ Corporate departments/meetings	1,530
■ Consulting	1,100
■ Misc. dues, entertainment, travel, etc.	<u>1,070</u>
Total to date	\$15,400

COR.-EQTY0002737

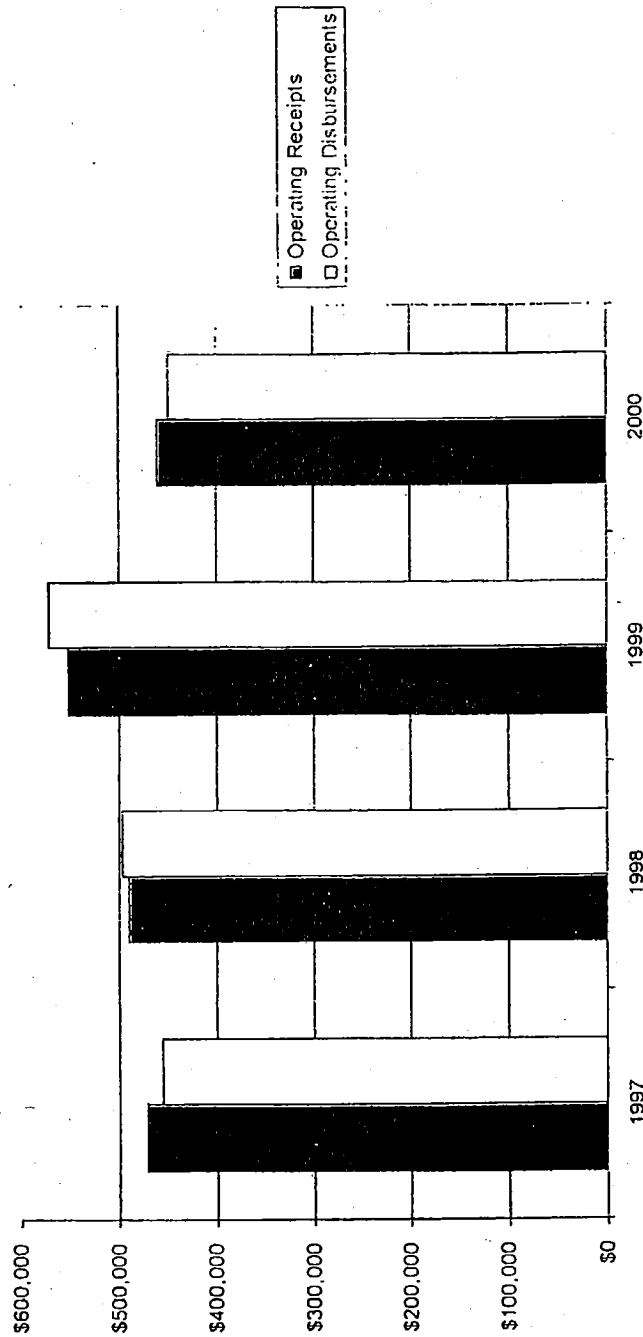
Contracting and Purchasing

- Price increases
- Pricing models to price "smart" and measure profitability
- Enforcing price discipline in the field
- Corporate-wide formulary
- Consolidating purchasing power

COR.-EQTY0002738

Recurring Operating Cash Flow

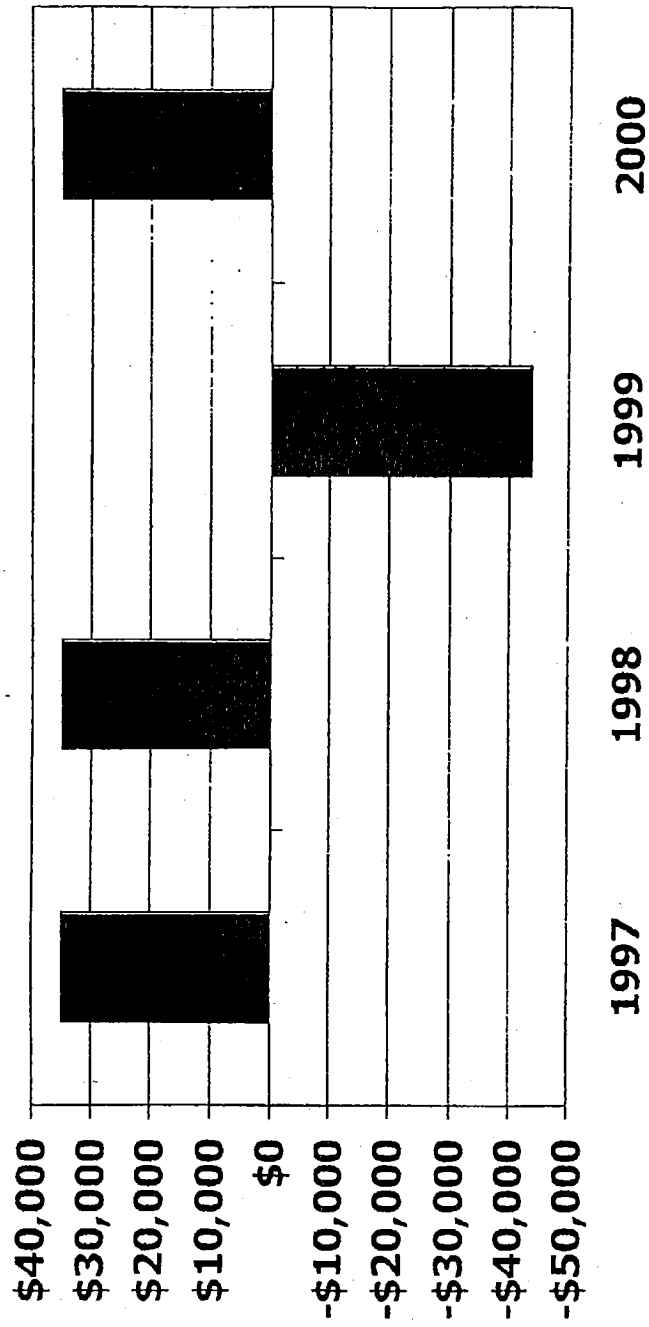
Annual Summaries
(in thousands, '99 & '00 projected)



COR.-EQTY0002739

Recurring Annual EBITDA

(in thousands, '99 & '00 projected)



COR.-EQTY0002740

CORAM HEALTHCARE CORPORATION
Summary of Selected Financial Information

	Q1-98	Q2-98	Q3-98	Q4-98	1998	Q1-99	Q2-99	Q3-99	Unaudited Q4-99	Unaudited 1999
Debt (in thousands)										
Senior Credit Facility	\$ -	\$ -	\$ 9,250	\$ -	\$ -	\$ 15,000	\$ 22,500	\$ 37,000	\$ 44,000	\$ 44,000 (3)
Series A Notes	\$ -	\$ 150,000	\$ 153,785	\$ 153,785	\$ 153,785	\$ 153,785	\$ 157,631	\$ 162,162	\$ 166,825	\$ 166,825
Series B Notes	\$ -	\$ 87,922	\$ 87,922	\$ 87,922	\$ 87,922	\$ 87,922	\$ 87,922	\$ 89,681	\$ 91,474	\$ 91,474
Rollover Notes	\$ 228,161	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ 1,166	\$ 1,187	\$ 1,017	\$ 715	\$ 715	\$ 911	\$ 920	\$ 836	\$ 753	\$ 753
Total Debt	\$ 229,327	\$ 239,109	\$ 251,974	\$ 242,422	\$ 242,422	\$ 257,518	\$ 268,973	\$ 289,679	\$ 303,052	\$ 303,052
Interest Rate at End of Period										
Senior Credit Facility	0.000%	0.000%	9.750%	9.250%	9.250%	9.250%	9.250%	9.750%	10.000%	10.000%
Series A Notes	0.000%	9.875%	9.875%	9.875%	9.875%	9.875%	11.500%	11.500%	11.500%	11.500% (1)(2)
Series B Notes	0.000%	8.000%	8.000%	8.000%	8.000%	8.000%	8.000%	8.000%	8.000%	8.000% (1)(2)
Rollover Notes	16.500%	6%-16%	11%-13%	6%-16%	6%-16%	6%-16%	6%-16%	6%-16%	6%-16%	6%-16%
Other	6%-16%	6%-16%	6%-16%	6%-16%	6%-16%	6%-16%	6%-16%	6%-16%	6%-16%	6%-16%
Interest Expense (in thousands)										
Series A Notes - Cash/PIK	\$ -	\$ 3,167	\$ 3,780	\$ 3,797	\$ 10,744	\$ 3,796	\$ 4,459	\$ 4,640	\$ 3,996	\$ 16,881
Series B Notes - Cash/PIK	\$ -	\$ 1,504	\$ 1,842	\$ 1,758	\$ 5,104	\$ 1,758	\$ 1,758	\$ 1,768	\$ 1,769	\$ 7,073
Sub-Total Series A & B Notes	\$ -	\$ 4,671	\$ 5,622	\$ 5,555	\$ 15,848	\$ 5,554	\$ 6,217	\$ 6,408	\$ 5,765	\$ 23,954
Senior Credit Facility - Cash	\$ 284	\$ -	\$ 126	\$ 172	\$ 582	\$ 420	\$ 705	\$ 975	\$ 1,117	\$ 3,295
Total PIK/Cash Interest	\$ 284	\$ 4,671	\$ 5,748	\$ 5,727	\$ 16,430	\$ 5,983	\$ 6,922	\$ 7,421	\$ 6,882	\$ 27,170
Warrants, Deferred Costs & Other	\$ 4,971	\$ 50	\$ 327	\$ 595	\$ 5,943	\$ 575	\$ 601	\$ 602	\$ 602	\$ 7,441
Rollover Notes-Deferred	\$ 8,920	\$ 1,361	\$ 39	\$ 39	\$ 10,359	\$ -	\$ -	\$ -	\$ -	\$ -
Total Interest Expense	\$ 14,175	\$ 6,082	\$ 6,114	\$ 6,361	\$ 32,732	\$ 6,558	\$ 7,523	\$ 8,110	\$ 7,442	\$ 20,531
Actual PIK Interest (in thousands)										
Series A	\$ -	\$ -	\$ 3,785	\$ -	\$ 3,785	\$ -	\$ 3,845	\$ 4,532	\$ 4,662	\$ 13,039
Series B	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,758	\$ 1,794	\$ 3,552
Total PIK Interest	\$ -	\$ -	\$ 3,785	\$ -	\$ 3,785	\$ -	\$ 3,845	\$ 6,290	\$ 6,456	\$ 16,591

Notes

- (1) As of December 31, 1999 Series A and B Notes are in Interest Payment period.
 (2) On January 15, 2000 Coram PIK'd Interest on Series A and Series B in the amounts of \$1,599MM and \$,610MM respectively.
 (3) Coram paid down \$3.0MM on the Line on Jan 5, 2000 and borrowed \$1.5MM on Jan. 21, 2000. Current Borrowings against the line is \$42.5MM

Selected Financials2.xls

2/11/00 3:07 PM

COR.-EQTY0002742

DEBT SCHEDULE 31-Jan-00

Facility	Maturity	All In Rate	Principal	Monthly Interest
GSCP Securities Exchange Agreement				
Series A Notes	5/27/01	11.5000%	\$168,423,372.30	\$1,614,057.32
Series B Notes	4/15/03	8.0000%	\$92,084,098.87	\$613,893.99
Sub-total - Subordinated Debt			\$260,507,471.17	
Senior Credit Facility Revolver Borrowings	8/26/98	10.0000%	\$42,500,000.00	\$354,166.67
Total Outstanding Debt			\$303,007,471.17	
Letters of Credit				
Flayer	9/1/98	3/24/00	\$1,099,000.00	\$1,620.83
Dolan	9/1/98	8/19/00	\$2,750,000.00	\$418.33
Humana	11/23/98	17/1/00	\$1,100,000.00	\$3,420.00
Travelers	3/3/99	2/20/00	\$1,000,000.00	\$1,511.36
Sub-Total - Letters of Credit			\$2,449,000.00	
Borrowing Base @ 12/31/99			\$60,000,000.00	
Less: Senior Credit Revolver Borrowings			\$42,500,000.00	
Less: Letters of Credit			\$2,470,000.00	
Total Available Credit Facility		0.3750%	\$15,030,000.00	\$4,096.80
Less: Cushion				\$2,590,571.31
Available Credit Facility after Cushion			(\$10,000,000.00)	
			\$5,030,000.00	

- 1 PIK interest from October 16 - November 16, 1999 - \$1.598 million
 - 2 PIK interest from October 16 - November 16, 1999 - \$1.610 million
 - 3 Paid \$3 million on 1/5/00
- Borrowed \$1.5 million on 1/23/00

COR.-EQTY0002743

Year-End Charges

COR.-EQTY0002744

Preliminary
Proprietary and Confidential

Coram Healthcare Corporation
December 1999 Estimated Year End Charges - Summary
Unaudited - \$000's

Total Estimated RNET & Non-RNET Charges, December 1999 \$ 42,715

SUMMARY OF CHARGES

\$ 19,100

1. Total Charges Due to Discontinuing Operations of RNET & Actua Litigation

- > Write-down of assets to net realizable value - Accounts Receivable, Fixed Assets & Other Assets
- > Accounts Receivable, write-offs at Infusion & CPS for RNET business
- > Liquidation reserves for severance, leases, professional fees, etc.
- > Legal fees and other costs to incur in 2000 for Actua litigation

2. Other Business Charges - Non RNET

A. Accounts Receivable Reserves

- > To fully reserve Accounts Receivable that were aged over 360 days
- > To fully reserve Accounts Receivable for non-Coram companies in bankruptcy
- > Other reserves established due to year end review

3,740

B. Personnel Reduction & Branch Closures

- > Severance
- > Write off of impaired fixed assets due to branch closures
- > Lease reserves established for branch closures
- > Impaired Goodwill

15,415

C. Shut Down of Canadian Operations

- > Severance, lease reserves and impaired assets

270

D. Balance Sheet Adjustments

- > Liabilities related to drug & supplies expenses from '99 & prior
- > Inventory and miscellaneous receivable adjustments
- > Other liability adjustments - primarily risk insurance
- > To fully reserve other receivables due to non-Coram bankruptcies - vendors

4,190

Total Other Business Charges - Non RNET

23,615

Total Estimated RNET & Non-RNET Charges, December 1999

\$ 42,715

Open Items

- > Final Analysis of Accounts Receivable Reserve

1 / 1: 2/12/00

COR.-EQTY0002745

Operating Results

COR.-EQTY0002746

**Coram Healthcare Corporation - Consolidated
Fiscal 1999 Unaudited Operating Results**

Expressed in millions of dollars

	Inflation	CTI	CPS	CRH W/out Rnet	Rnet	Q4 Charges	Unaudited Consolidated 1999
Net Revenue, excluding intercompany revenue	\$ 43,472	\$ 1,748	\$ 80,072	\$ 5,211,197	\$ 77,282	\$	\$ 506,479
Cost of Sales, excluding intercompany COGS	121,203	799	7,513	702,215	89,371	1,440	409,984
Depreciation & Amortization	5,350	1		5,360	3		5,363
Total Cost of Sales	126,553	800	7,513	707,575	89,374	3,448	415,347
% to Net Revenue	75.1%	45.8%	80.5%	77.2%	0.0%	0.7%	82.8%
Gross Profit	105,910	948	11,764	110,622	(12,092)	(3,440)	103,132
% to Net Revenue	24.5%	54.2%	14.5%	22.8%	0.0%	0.0%	17.2%
Operating Expenses							
Direct Operating Exp w/ Head Debt	60,200	861	11,819	72,960	22,205	4,777	99,915
Corporate Allocation	24,096	97	4,846	29,039	4,189		11,345
% to Net Revenue	6.6%	5.6%	6.0%	5.6%			6.6%
Restructure Charges	0			0			16,365
Depreciation & Amortization	2,471		132	2,479			3,416
Corporate Allocation D & A	9,529	93	1,916	11,404	1,701		13,187
Depreciation & Amortization	12,008	30	2,268	11,963	2,308		16,623
Total Operating Expense	97,117	997	18,953	116,910	28,819	20,167	166,248
% to Net Revenue	22.4%	57.0%	23.8%	22.4%	0.0%	0.0%	27.8%
Operating Income (Loss) before Interest	8,598	(49)	(2,189)	1,712	(40,861)	(21,115)	63,116
% to Net Revenue	1.9%	2.8%	0.3%	0.3%	0.0%	0.0%	10.5%
Other - Loss from Discontinued Operations							
Other Income / (Expense)	(4,771)	(86)	(4,798)	(4,771)	46	(19,100)	(19,100)
Interest Expense	(21,431)			(21,431)	(1,819)		(431)
Income (Loss) before Income Tax	(13,304)	(135)	(11,407)	(24,912)	(44,615)	(4,715)	(11,290)
% to Net Revenue	1.7%	7.7%	13.3%	4.8%	0.0%	0.0%	10.8%
Income Taxes	440			440			440
Net Income (Loss)	(13,744)	(135)	(11,407)	(25,352)	(44,615)	(4,715)	(11,730)
% to Net Revenue	1.7%	7.7%	13.3%	4.8%	0.0%	0.0%	10.8%
EBITDA	\$26,436	(59)	(34,911)	\$21,905	(\$10,604)	(\$2,700)	(\$44,300)
% to Net Revenue	6.1%	0.5%	4.2%	4.1%	0.0%	0.0%	7.4%

Expressed in millions of dollars

COR-EQTY0002747

Board Budget

COR.-EQTY0002748

CORAM HEALTHCARE
TARGET BUDGET 2000

The Target Budget represents the Fiscal 2000 budget as presented to Coram's Board of Directors and approved on December 21, 1999.

There have been no changes made to this budget from that presented to the Board. At the time of presentation, DB Alex. Brown was projecting that CPS would generate approximately \$70 million in gross proceeds. The most current estimate from DB Alex. Brown is that gross proceeds will likely be in the \$50-\$40 million dollar range.

The Target budget does include Corporate staff reductions and other Corporate cost savings identified prior to the presentation but it does not include significant strategic initiatives and all cost cutting opportunities that have been identified subsequent to the Board meeting.

COR-EQTY0002749

Proprietary and Confidential
Final

**Coram Healthcare Corporation
Target Budget 2000**

Contents Summary	Page
2000 Key Initiatives	1
Budget 2000 - Consolidated by Division	3
Budget 2000 - Consolidated Quarterly	4
Budget 2000, Cash Flow	5
Budget 2000, Balance Sheet	6
Budget 2000 - Infusion	7
Budget 2000 - CTI	8
Budget 2000 - CPS	9
Budget 2000 - RNET	10

12/22/99, 6:09 PM

COR.-EQTY0002750

Proprietary and Confidential - Fin

Coram Healthcare Corporation
"Key Initiatives Drivers"
Target Budget 2000

- New Revenue Growth - \$29mm 7.4%
 - ❖ Generalist versus Specialist Sales force in 2000
 - ❖ New Strategic Business Unit leadership driving new sales and marketing programs - Manage Care carve-outs.
 - ❖ New Hemophilia sales and marketing program expected to grow \$8.0mm (50%) in 2000.
 - ❖ New national contract with United Healthcare (Q1) to replace projected Aetna lost business in (Q2) - 90% confidence level.
- Cost of Goods/Mix Improvement
 - ❖ Commissionable therapy growth of new revenue at 70-80% standard margins versus current mix standard margins of 59%.
 - ❖ 2000 Sales Compensation only paying on commissionable therapies and EBITDA improvement.
 - ❖ Target low margin accounts for price increase
 - ❖ 2000 COS - from drug wholesaler, estimated annual savings \$250,000.
- Nursing Cost Savings
 - ❖ 1% improvement versus 1999
 - ❖ Primary Care Management Model (PCMM) rolled out to reduce current cost per visit by 10%.
 - ❖ Standardize use of Home Healthcare Laboratory of America (HHLA) program in 2000
 - ❖ Moving nurse staffing to more variable versus fixed cost via Per Diems.
 - ❖ Producing Monthly Management Reports to monitor Nurse Manager's performance under PCMM and HHLA.
- Cash Collection Performance
 - ❖ Reorganize reporting structure by moving Area Reimbursement Managers under AVP Operations to connect the front and back end process.
 - ❖ All 2000 Bonus and Sales commission plans will be tied to cash collection results to gain total support from each team member to drive results.
 - ❖ Dedicated individual to work with each Medicare DMERC location.
 - ❖ Have begun legal communication with delinquent Payor Accounts.
- Sale of CPS Q2 - \$70 million generating \$60 million paydown of debt and \$45 million gain
- Company Wide Expense Management Control
 - ❖ Headcount management controls established - budget, performance, staffing model and Sr. Management approval.
 - ❖ Individual Budget Monthly Accountability: Weekly reporting of new cost savings initiatives
 - ❖ Elimination of discretionary spending: Micro Management by senior management

P.1

12/22/99; 6:09 PM

COR-EQTY0002751

Proprietary and Confidential
Final

Coram Healthcare Corporation
Target Budget 2000
Cash Flow Assumptions

	Q1	Q2	Q3	Q4
1) DSO	80	78	76	74
2) AP Aging	50	39	37	40

3) Summary of CPS Sale, April 1, 2000

Estimated cash proceeds	\$ 70,000,000
Estimated costs associated with sale	(5,000,000)
Net proceeds on sale	\$ 65,000,000
Net Book Value estimated	(14,200,000)
Reserves from sale	(5,800,000)
Estimated gain on sale of asset	<u>\$ 45,000,000</u>
Net proceeds on sale	\$ 65,000,000
Paydown portion of principle on Series B debt	(60,000,000)
Cash available for operations	<u>\$ 5,000,000</u>

- 4) All interest payments due on Bank debt in 2000 are paid in cash (no PIKs). \$60 million reduction in Series B debt principle from the sale of CPS. Senior Credit Facility line remains at \$14m with a 1/2 % pt. increase in 7/00.
- 5) Credit facility borrowing base, using November 1999 A/R balances, without R-Net and CPS is \$52 million. With the credit facility at \$44 million, Coram could be required to report weekly financial data to the noteholders.

P. 2

12/22/99: 6:09 PM

COR.-EQTY0002752

Proprietary and Confidential
Final

Coram Healthcare Corporation - Consolidated
Target Budget 2000

	Budget 2000		CTI		CPS		Rnat		2000	
	Infusion		\$		\$		\$		\$	
Net Revenue	\$ 424,200		\$ 3,300		\$ 25,700		\$ -		\$ 453,200	
Cost of Sales	321,700		-		22,000		-		343,700	
Depreciation & Amortization	5,100		-		-		-		5,100	
Total Cost of Sales	326,800		-		22,000		-		348,800	
% to Net Revenue	77.0%		0.0%		85.6%		0.0%		77.0%	
Gross Profit	97,400		3,300		3,700		-		104,400	
% to Net Revenue	23.0%		100.0%		14.4%		0.0%		23.0%	
Operating Expenses:										
Direct Operating Exp w/ Bad Debt	56,600		1,900		2,800		-		61,500	
Corporate Allocation	30,800		200		1,700		-		32,700	
% to Net Revenue	7.3%		6.1%		6.6%		0.0%		7.2%	
Restructure Charges	-		-		-		-		-	
Depreciation & Amortization	2,000		-		-		-		2,000	
Corporate Allocation D & A	13,300		-		700		-		14,000	
Depreciation & Amortization	15,300		-		700		-		16,000	
Total Operating Expense	102,900		2,100		5,200		-		110,200	
% to Net Revenue	24.3%		63.6%		20.2%		0.0%		24.3%	
Operating Income (Loss) before Interest	(5,500)		1,200		(1,500)		-		(5,800)	
% to Net Revenue	-1.3%		36.4%		-5.8%		0.0%		-1.3%	
Other - Loss from Discontinued Operations	-		-		-		(500)		(500)	
Other Income / (Expense)	(800)		-		45,000		-		44,200	
Interest Expense	(22,200)		(200)		(1,300)		-		(23,700)	
Income (Loss) before Income Tax	(28,500)		1,000		42,200		(500)		14,200	
% to Net Revenue	-6.7%		30.3%		164.2%		0.0%		3.1%	
Income Taxes	500		-		-		-		500	
Net Income (Loss)	\$ (28,000)		\$ 1,000		\$ 42,200		\$ (500)		\$ 13,700	
% to Net Revenue	-6.6%		30.3%		164.2%		0.0%		3.0%	
EBITDA without CPS Sale	\$14,100		\$1,200		(500)		(500)		\$14,000	
% to Net Revenue	3.3%		36.4%		-3.1%		0.0%		3.1%	
EBITDA with CPS Sale	\$14,100		\$1,200		\$44,200		(500)		\$59,000	
% to Net Revenue	3.3%		36.4%		172.0%		0.0%		13.0%	

P. 3

12/22/00; 6:00 PM

COR-EQTY0002753

Proprietary and Confidential
Final

Coram Healthcare Corporation - Consolidated
Target Budget 2000

	Budget 2000				
	Q1	Q2	Q3	Q4	2000
Net Revenue	\$ 135,500	\$ 102,600	\$ 105,600	\$ 109,500	\$ 453,200
Cost of Sales	104,100	70,000	79,900	81,700	343,700
Depreciation & Amortization	1,200	1,300	1,300	1,300	5,100
Total Cost of Sales	105,300	71,300	81,200	83,000	348,800
% to Net Revenue	77.7%	77.3%	76.9%	75.8%	77.0%
Gross Profit	30,200	23,300	24,400	26,500	104,400
% to Net Revenue	22.3%	22.7%	23.1%	24.2%	23.0%
Operating Expenses:					
Direct Operating Exp w/ Bad Debt	17,700	14,600	14,500	14,700	61,500
Corporate Allocation	9,100	8,400	7,600	7,600	32,700
% to Net Revenue	6.7%	8.2%	7.2%	6.9%	7.2%
Restructure Charges	500	500	500	500	2,000
Depreciation & Amortization	3,500	3,500	3,500	3,500	14,000
Corporate Allocation D & A	4,000	4,000	4,000	4,000	16,000
Depreciation & Amortization	4,000	4,000	4,000	4,000	16,000
Total Operating Expense	30,800	27,000	26,100	26,300	110,200
% to Net Revenue	22.7%	26.3%	24.7%	24.0%	24.3%
Operating Income (Loss) before Interest	(600)	(3,700)	(1,700)	200	(5,800)
% to Net Revenue	-0.4%	-3.6%	-1.6%	0.2%	-1.3%
Other - Loss from Discontinued Operations	(400)	(100)	-	-	(500)
Other Income / (Expense)	(200)	44,800	(200)	(200)	44,200
Interest Expense	(5,800)	(5,000)	(5,700)	(5,600)	(23,700)
Income (Loss) before Income Tax	(8,000)	35,400	(7,600)	(5,600)	14,200
% to Net Revenue	-5.9%	34.5%	-7.2%	-5.1%	3.1%
Income Taxes	100	200	100	100	500
Net Income (Loss)	\$ (8,100)	\$ 35,200	\$ (7,700)	\$ (5,700)	\$ 13,700
% to Net Revenue	-6.0%	34.3%	-7.3%	-5.2%	3.0%
EBITDA without CPS Sale	\$4,000	\$1,300	\$3,400	\$5,300	\$14,000
% to Net Revenue	3.0%	1.3%	3.2%	4.8%	3.1%
EBITDA with CPS Sale	\$4,000	\$46,300	\$3,400	\$5,300	\$59,000
% to Net Revenue	3.0%	45.1%	3.2%	4.8%	13.0%

P. 4

12/22/93: 6:09 PM

COR-EQTY0002754

Proprietary and Confidential
FinalCoram Healthcare Corporation - Cash Flow
Target Budget 2000

	FOR THE THREE MONTHS ENDED,				For the twelve months ended December 31, 2000 (Unaudited)
	March 31, 2000 (Unaudited)	June 30, 2000 (Unaudited)	September 30, 2000 (Unaudited)	December 31, 2000 (Unaudited)	
OPERATING CASH FLOW					
CASH RECEIPTS	\$ 141,333	\$ 107,019	\$ 101,819	\$ 104,950	\$ 455,121
CASH DISBURSEMENTS	(137,064)	(101,742)	(98,485)	(97,525)	(434,816)
NET OPERATING CASH FLOW	4,269	5,277	3,334	7,425	20,305
NON-RECURRING CASH FLOW					
CAPITAL EXPENDITURES	(2,052)	(1,143)	(448)	(326)	(3,969)
ASSET SALE, net of costs	-	65,000	-	-	65,000
INTEREST PAYMENTS	(3,377)	(1,176)	(4,841)	(6,604)	(15,998)
PRINCIPAL PAYMENTS	-	(60,000)	-	-	(60,000)
TOTAL PAYMENTS TO DEBT HOLDERS	(3,377)	(61,176)	(4,841)	(6,604)	(75,998)
RESTRUCTURING PAYMENTS	(5,154)	(2,127)	(1,484)	(1,269)	(10,034)
OTHER DISBURSEMENTS INCLUDING LEGAL FEES	(1,614)	(2,841)	(201)	(1)	(4,657)
TAX PAYMENTS	(125)	(125)	(125)	(125)	(500)
OTHER DEBT PAYMENTS NET OF INTEREST INCOME	(136)	(54)	(40)	(87)	(317)
TOTAL CASH FLOW	\$ (8,189)	\$ 2,811	\$ (3,805)	\$ (987)	\$ (10,170)
BEGINNING CASH	11,059	2,870	5,681	1,876	11,059
ENDING CASH	2,870	5,681	1,876	889	889

P. 5

12/22/99; 6:09 PM

COR.-EQTY0002755

Proprietary and Confidential
FinalCoram Healthcare Corporation - Balance Sheet
Target Budget 2000

	March 31, 2000 (Unaudited)	June 30, 2000 (Unaudited)	September 30, 2000 (Unaudited)	December 31, 2000 (Unaudited)
ASSETS				
CASH	\$ 2,870	\$ 5,681	\$ 1,877	\$ 889
ACCOUNTS RECEIVABLE	104,791	83,481	83,593	84,468
INVENTORIES	20,962	16,281	16,171	15,827
PROPERTY AND EQUIPMENT, net	23,761	19,376	16,949	13,947
GOODWILL, net	219,333	216,537	213,741	210,945
OTHER	32,408	36,238	35,155	34,244
TOTAL ASSETS	\$ 404,125	\$ 377,594	\$ 367,486	\$ 360,320
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES	\$ 90,283	\$ 88,352	\$ 87,428	\$ 86,494
BANK DEBT	302,299	242,299	242,299	242,299
OTHER LONG-TERM LIABILITIES	18,313	18,576	18,846	19,141
TOTAL LIABILITIES	410,895	350,227	348,573	347,934
STOCKHOLDERS' EQUITY	(6,770)	27,367	18,913	12,386
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 404,125	\$ 377,594	\$ 367,486	\$ 360,320

COMMENTS:

A. Stark II Equity Infusion, estimates based on December 16, 1999 estimates of 1999:

Using the Budget 2000 Stockholders' Equity, capital infusions would be required as noted:

- 1) To meet the December 31, 2000 minimum equity of \$75,001, \$62,701 would be required.
- 2) To meet the annual average test using 1998 and estimated 1999 and estimated 2000 Stockholders' Equity at December 31st of each period, \$120,000 would be required.
- 3) To meet the quarterly average test, using the quarterly estimates for 2000, 1999 and 1998, \$280,000 would be required.

B. Balance Sheets are based on 1999 estimates as of December 16, 1999.

P. 6

12/22/99: 6:09 PM

has changed because of changes in the balance sheet

COR.-EQTY0002756

Proprietary and Confidential
FinalCoram Healthcare Corporation - Infusion
Target Budget 2000

	Budget 2000				
	Q1	Q2	Q3	Q4	2000
Net Revenue	\$ 101,400	\$ 102,000	\$ 104,600	\$ 100,200	\$ 408,200
Cost of Sales	82,100	79,000	79,500	81,700	321,700
Depreciation & Amortization	1,200	1,300	1,300	1,300	5,100
Total Cost of Sales	83,300	80,300	80,800	83,000	326,800
% to Net Revenue	76.1%	77.7%	77.6%	76.7%	77.0%
Gross Profit	26,100	22,700	23,400	21,300	97,400
% to Net Revenue	23.9%	22.1%	22.4%	21.3%	23.0%
Operating Expenses:					
Direct Operating Exp w/ Bad Debt	14,500	14,100	14,000	14,200	56,800
Corporate Allocation	7,400	8,400	7,500	7,500	30,800
% to Net Revenue	6.8%	8.2%	7.2%	6.9%	7.3%
Restructure Charges	-	500	500	500	2,000
Depreciation & Amortization	2,800	3,500	3,500	3,500	13,300
Corporate Allocation D & A	3,300	4,000	4,000	4,000	15,300
Depreciation & Amortization	26,200	26,500	25,500	25,700	103,900
Total Operating Expense	47,700	46,000	45,500	44,900	184,100
% to Net Revenue	43.0%	42.0%	40.4%	40.8%	42.3%
Operating Income (Loss) before Interest	900	(3,800)	(2,100)	(500)	(5,500)
% to Net Revenue	0.8%	-3.7%	-2.0%	-0.5%	-1.3%
Other - Loss from Discontinued Operations	(200)	(200)	(200)	(200)	(800)
Other Income / (Expense)	(5,500)	(5,500)	(5,500)	(5,500)	(22,500)
Interest Expense	(4,800)	(1,000)	(1,000)	(6,200)	(28,500)
Income (Loss) before Income Tax	(4,800)	(7,500)	(7,500)	(12,400)	(28,500)
% to Net Revenue	-4.4%	-7.4%	-7.5%	-12.4%	-6.7%
Income Taxes	100	200	100	100	500
Net Income (Loss)	(4,700)	(7,300)	(7,400)	(12,500)	(28,000)
% to Net Revenue	-4.5%	-7.1%	-7.1%	-12.5%	-6.6%
EBITDA without CPS Sale	\$1,200	\$1,300	\$1,000	\$4,000	\$14,100
% to Net Revenue	1.1%	1.3%	1.0%	4.0%	3.3%
EBITDA with CPS Sale	\$1,200	\$1,300	\$3,000	\$4,500	\$14,100
% to Net Revenue	1.1%	1.3%	2.9%	4.3%	3.3%

P 7

12/22/99, 6:01 PM

COR-EQTY0002757

Proprietary and Confidential
Final

Coram Healthcare Corporation - CTI
Target Budget 2000

	Budget 2000							
	Q1	Q2	Q3	Q4	2000			
Net Revenue	\$ 400	\$ 600	\$ 1,000	\$ 1,300	\$ 3,300			
Cost of Sales	-	-	-	-	-			
Depreciation & Amortization	-	-	-	-	-			
Total Cost of Sales	-	-	-	-	-			
% to Net Revenue	0.0%	0.0%	0.0%	0.0%	0.0%			
Gross Profit	400	600	1,000	1,300	3,300			
% to Net Revenue	100.0%	100.0%	100.0%	100.0%	100.0%			
Operating Expenses:								
Direct Operating Exp w/ Bad Debt	400	500	500	500	1,900			
Corporate Allocation	-	-	100	100	200			
% to Net Revenue	0.0%	0.0%	10.0%	7.7%	6.1%			
Restructure Charges	-	-	-	-	-			
Depreciation & Amortization	-	-	-	-	-			
Corporate Allocation D & A	-	-	-	-	-			
Depreciation & Amortization	-	-	-	-	-			
Total Operating Expense	400	500	600	600	2,100			
% to Net Revenue	100.0%	83.3%	60.0%	46.2%	63.6%			
Operating Income (Loss) before Interest	-	100	400	700	1,200			
% to Net Revenue	0.0%	16.7%	40.0%	53.8%	36.4%			
Other - Loss from Discontinued Operations	-	-	-	-	-			
Other Income / (Expense)	-	-	-	-	-			
Interest Expense	-	-	(100)	(100)	(200)			
Income (Loss) before Income Tax	-	100	300	600	1,000			
% to Net Revenue	0.0%	16.7%	30.0%	46.2%	30.3%			
Income Taxes	-	-	-	-	-			
Net Income (Loss)	\$ -	\$ 100	\$ 300	\$ 600	\$ 1,000			
% to Net Revenue	0.0%	16.7%	30.0%	46.2%	30.3%			
EBITDA without CPS Sale	\$0	\$100	\$400	\$700	\$1,200			
% to Net Revenue	0.0%	16.7%	40.0%	53.8%	36.4%			
EBITDA with CPS Sale	\$0	\$100	\$400	\$700	\$1,200			
% to Net Revenue	0.0%	16.7%	40.0%	53.8%	36.4%			

P. 8

12/22/09: 6:09 PM

COR.-EQTY0002758

Proprietary and Confidential
FinalCoram Healthcare Corporation - CPS
Target Budget 2000

	Budget 2000			
	Q1	Q2	Q3	Q4
Net Revenue	\$ 25,700	\$ -	\$ -	\$ -
Cost of Sales	22,000	-	-	-
Depreciation & Amortization	-	-	-	-
Total Cost of Sales	22,000	-	-	-
% to Net Revenue	85.6%	0.0%	0.0%	0.0%
Gross Profit	3,700	-	-	-
% to Net Revenue	14.4%	0.0%	0.0%	0.0%
Operating Expenses:				
Direct Operating Exp w/ Bad Debt	2,800	-	-	-
Corporate Allocation	1,700	-	-	-
% to Net Revenue	6.6%	0.0%	0.0%	0.0%
Restructure Charges	-	-	-	-
Depreciation & Amortization	700	-	-	-
Corporate Allocation D & A	700	-	-	-
Depreciation & Amortization	5,200	-	-	-
Total Operating Expense	5,200	-	-	-
% to Net Revenue	20.2%	0.0%	0.0%	0.0%
Operating Income (Loss) before Interest	(1,500)	-	-	-
% to Net Revenue	-5.8%	0.0%	0.0%	0.0%
Other - Loss from Discontinued Operations	-	-	-	-
Other Income / (Expense)	-	45,000	-	-
Interest Expense	(1,300)	-	-	-
Income (Loss) before Income Tax	(2,800)	45,000	-	-
% to Net Revenue	-10.9%	0.0%	0.0%	0.0%
Income Taxes	-	-	-	-
Net Income (Loss)	\$ (2,800)	\$ 45,000	\$ -	\$ -
% to Net Revenue	-10.9%	0.0%	0.0%	0.0%
EBITDA without CPS Sale	(\$800)	\$0	\$0	\$0
% to Net Revenue	-3.1%	0.0%	0.0%	0.0%
EBITDA with CPS Sale	(\$500)	\$45,000	\$0	\$0
% to Net Revenue	-3.1%	0.0%	0.0%	0.0%

P. 9

12/22/99, 6:09 PM

COR.-EQTY0002759

Proprietary and Confidential
FinalCoram Healthcare Corporation - RNET
Target Budget 2000

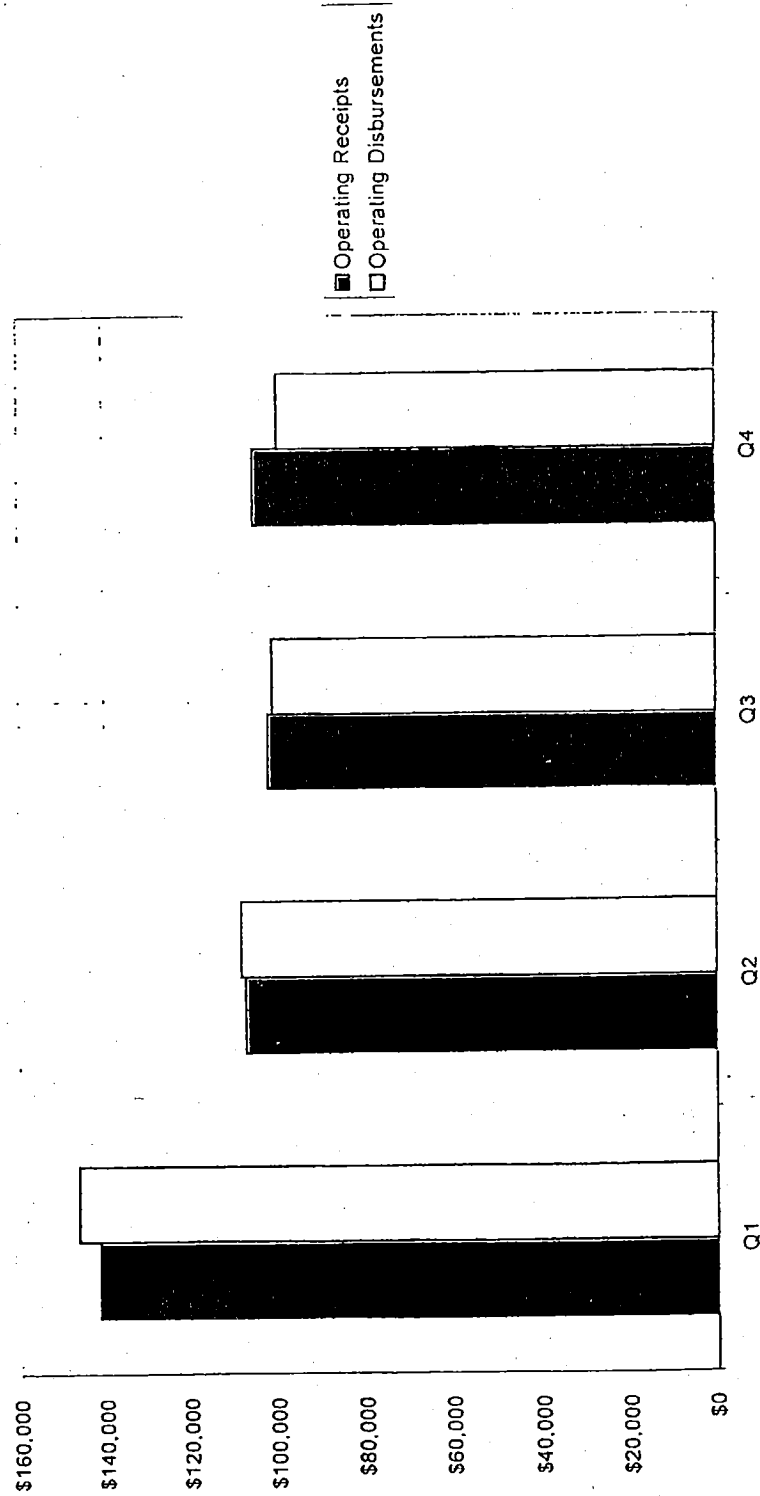
	Budget 2000				
	Q1	Q2	Q3	Q4	2000
Net Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Cost of Sales	-	-	-	-	-
Depreciation & Amortization	-	-	-	-	-
Total Cost of Sales	-	-	-	-	-
% to Net Revenue	0.0%	0.0%	0.0%	0.0%	0.0%
Gross Profit	-	-	-	-	-
% to Net Revenue	0.0%	0.0%	0.0%	0.0%	0.0%
Operating Expenses:					
Direct Operating Exp w/ Bad Debt	-	-	-	-	-
Corporate Allocation	-	-	-	-	-
% to Net Revenue	0.0%	0.0%	0.0%	0.0%	0.0%
Restructure Charges	-	-	-	-	-
Depreciation & Amortization	-	-	-	-	-
Corporate Allocation D & A	-	-	-	-	-
Depreciation & Amortization	-	-	-	-	-
Total Operating Expense	-	-	-	-	-
% to Net Revenue	0.0%	0.0%	0.0%	0.0%	0.0%
Operating Income (Loss) before Interest	-	-	-	-	-
% to Net Revenue	0.0%	0.0%	0.0%	0.0%	0.0%
Other - Loss from Discontinued Operations	(400)	(100)	-	-	(500)
Other Income / (Expense)	-	-	-	-	-
Interest Expense	-	-	-	-	-
Income (Loss) before Income Tax	(400)	(100)	-	-	(500)
% to Net Revenue	0.0%	0.0%	0.0%	0.0%	0.0%
Income Taxes	-	-	-	-	-
Net Income (Loss)	(400)	(100)	-	-	(500)
% to Net Revenue	0.0%	0.0%	0.0%	0.0%	0.0%
EBITDA without CPS Sale	(\$400)	(\$100)	\$0	\$0	(\$500)
% to Net Revenue	0.0%	0.0%	0.0%	0.0%	0.0%
EBITDA with CPS Sale	(\$400)	(\$100)	\$0	\$0	(\$500)
% to Net Revenue	0.0%	0.0%	0.0%	0.0%	0.0%

P. 10

12/22/99, 6:03 PM

COR.-EQTY0002760

Coram Healthcare Corporation
2000 Recurring Operating Cash Flows
Target Budget
(In Thousands)



TB-1

COR.-EQTY0002761

**CORAM HEALTHCARE
OPERATING BUDGET 2000**

The Operating Budget is the "stretch" budget that Coram's operating entities are driving to produce for Fiscal 2000. This is the budget loaded into the reporting system and the performance against which the operating units are being measured.

This budget includes strategic initiatives and changes made by Dan Crowley. The strategic initiatives include focus and concentration on changing the mix of the business with particular emphasis on the TPN patients and other core therapies. Additionally, this budget includes operational cost savings of closing and consolidating certain operations; implementation of a more cost effective nurse services model and usage of a national lab for the provision of required services.

The incentive for operations to achieve this plan is included in the MIP bonus plan that would pay as much as an estimated \$6.8 million should this plan be achieved.

COR.-EQTY0002763

Proprietary and Confidential
Final

**Coram Healthcare Corporation
Operating Budget 2000**

Contents Summary	Page
Cash Flow Assumptions	1
Budget 2000 - Consolidated by Division	2
Budget 2000 - Cash Flow	3
Budget 2000 - Q1 by Division	4
Budget 2000 - Q2 by Division	5
Budget 2000 - Q3 by Division	6
Budget 2000 - Q4 by Division	7

1/31/00; 5:00 PM

COR.-EQTY0002764

Proprietary and Confidential
Final

Coram Healthcare Corporation
Operating Budget 2000
Cash Flow Assumptions

	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
1) DSO	86	84	82	79
2) AP Aging	54	49	44	41

3) Summary of CPS Sale, April 1, 2000

Estimated cash proceeds	\$ 45,000,000
Estimated costs associated with sale	(5,000,000)
Net proceeds on sale	<u>\$ 40,000,000</u>
Net Book Value estimated	(15,000,000)
Reserves from sale	-
Estimated gain on sale of asset	<u><u>\$ 25,000,000</u></u>
Net proceeds on sale	\$ 40,000,000
Paydown portion of principle on Series B debt	(40,000,000)
Cash available for operations	<u><u>\$ -</u></u>

4) Interest payments due on Bank debt on July 15 and October 15 are paid in cash (no PIKs). \$40 million reduction in Series B debt principle from the sale of CPS.

Senior Credit Facility line remains at \$44m with a 1/2 % pt. increase in 7/00.

5) Credit facility borrowing base, using November 1999 A/R balances, without R-Net and CPS is \$52 million. With the credit facility at \$44 million, Coram could be required to report weekly financial data to the noteholders.

P. 1

1/31/00: 5:00 PM

COR-EQTY0002765